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B. Development of Socialist Economy

During the past 4 years, monopolies and large landed estates have lost control of the economic life of China. Today the economic life of the country is controlled by the popular-democratic state with power in the hands of the workers. The socialist and cooperative sectors of China's economy are continually developing.

At present, the state controls 80 percent of heavy industry, 40 percent of light industry, 60 percent of maritime transportation, 100 percent of rail transportation, 90 percent of the banks, 90 percent of foreign trade, and 63 percent of wholesale domestic trade. The share of government-owned factories in production has increased from 43.8 percent in 1949 to 67.3 percent in 1952.

With the breaking of the monopolists' power, landed property has been reduced, with the result that 4.7 million hectares have been redistributed to landless farmers or to those with insufficient land. (Documentary material in sections B and C is taken from New China's Economic Achievement, 1949-1952, published in Peiping at the end of 1952 by the China Committee for the Promotion of International Trade.)

The cooperative movement has affected 106 million members: 32,000 farm cooperatives with 95 million members; 3,300 urban consumer cooperatives with 11 million members; and 1,000 industrial production cooperatives with 200,000 members. More than 30 percent of the domestic retail trade passes through the cooperatives. One aspect of the cooperative movement is the mutual aid in rural districts in which 40 percent of the farmers participate.

The capitalist economy, which is essentially artisan in form, that is, consists of small- and medium-sized plants, has retained only the following: 20 percent of heavy industry, 55 percent; state has 40 percent according to statement above; percent of light industry, 60 percent of agriculture, 40 percent of maritime transportation, 10 percent of the banks, 10 percent of foreign trade, and 70 percent of domestic retail trade.

Although the percentages of state control are still rather limited, the significance of the new reform is made more evident by the following considerations. The state-owned factories and the cooperatives supply most of the raw materials, machinery, and power to the privately owned plants and are the latter's principal consumers. The state controls credit and limits private profits to 10-30 percent. The workers are protected by a strong syndical movement bringing together 10 million workers and by strictly enforced social legislation.

Another fundamental aspect of the structural reform which has taken place in China is the total elimination of the influence of foreign imperialist capital, formerly connected with the nation's monopolies and the termination of the semi-colonial nature of Chinese economic and political life.

C. Production Development

The large structural reforms, made possible by the seizure of power by popular and national forces, have in turn favored more ample production development. Production in almost all sectors has surpassed the high prewar levels. However, the greatest progress has been made in the industrial fields, especially in heavy industry, which determine further structural changes. The industrial production index at the end of 1952 shows a 700-percent increase over 1949. The following is a breakdown of the industrial production increases (in percent): iron and steel, 900; electricity, 100; coal, 80; petroleum, 300; wood, 120; cotton, 130; and agricultural products, 40.

- 2 -

RESTRICTED

RESTRICTED

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Investment in the field of capital goods has increased from 32.5 percent in 1949 to 67.5 percent in 1952. A large quantity of machinery, vehicles, and industrial equipment has been manufactured in China for the first time. Hundreds of thousands of unemployed workers have been absorbed by the new and old factories, both private and state-owned. The development of technical instruction, the modernization of equipment, the streamlining of factory organization, the "Three Antis" and "Five Antis" competition and campaign movements against waste, theft, corruption, and bureaucracy have made possible the increase in production percentages, which range from 15 percent to 80 percent according to the sectors, and have greatly reduced costs.

Isolated rural trade no longer exists; large-scale trade on the national level is continually developing. The development of transportation networks such as roads, rivers, and railways (for the railways alone, 10,000 kilometers have been reconstructed and 1,267 kilometers have been newly built), the stabilization of prices, adjustment of relations between agricultural and industrial prices, and the steps for public safety have markedly developed rural-urban exchange. The general volume of domestic trade alone has increased 70 percent during 1950-1952.

Also of decisive importance is the increase in agricultural production; this has risen 40 percent from 1949 to 1952 and represents a 9-percent increase over the high prewar level. In particular, the production of cotton increased three times during the 3 years, finally reaching a 50-percent increase over the prewar level. Livestock has increased 30 percent. These increases are the result of greater initiative and work availability made possible by the land reform, land distribution, work collectives, the introduction of modern technical methods in agriculture, and the large drainage and irrigation projects, in which 1.7 billion cubic meters of earth have been removed and 42,000 kilometers of dykes have been repaired and constructed. Three million hectares have been irrigated for the first time, 7 million hectares which were flooded in 1949 have been reclaimed during 1952, 14 million hectares have been disinfected, and 15 million hectares have been cultivated with special seeds, increasing the use of fertilizer by 30 percent. These production increases have completed China's liberation from foreign imperialism which, in the past, had profited from the scarcity of grain, rice, cotton, and tobacco by imposing its own controls.

At present, China is not only largely self-sufficient in spite of the increase in consumption, but also has available quantities of goods which are of great importance for increasing her foreign trade possibilities.

These production increases, together with the structural reforms, have made possible a noteworthy increase in individual incomes, thereby greatly improving food, clothing, homes, sanitary conditions, education, and culture. From 1949 to 1952, workers' salaries have increased an average of 60-120 percent, whereas prices during the first half of 1952 decreased 5 percent as compared with March 1950. Farmers' incomes also have risen through the increase in production, the abolishment of property revenues in land-reform areas (47 million hectares, equivalent to 30 million tons of grain), and the adjustment of agricultural prices in relation to industrial prices.

During 1952, the number of students in the elementary schools was 50 million, or more than double the high number at the time of the Nationalists. The number of students in the secondary and upper schools has increased 70 percent. At present, 3 million workers are enrolled in academic courses.

The extent of such progress is even more important in view of the fact that, as a result of American aggression in Korea, the Chinese government has had to spend large sums for about 3 years in military and economic aid to the people

- 3 -

RESTRICTED

RESTRICTED

STAT

of Korea and in strengthening its own defenses against the provocations of the imperialists and of the traitor Chiang Kai-shek. Furthermore, progress has been made despite the fact that the Americans have instituted a strong economic blockade against the People's Republic of China which they have forced the other capitalist countries to observe.

However, these difficulties have been offset by the aid contributed first from the Soviet Union and then from the People's Democracies. The positive aid has consisted of machinery, raw materials, patents, technical advice, and economic and social organization.

D. Elections

The general elections and the beginning of the Five-Year Plan took place in 1953 as a result of the unprecedented reconstruction, production, and consolidation of power in the hands of the working classes. Since this is the first time that general elections have been held in China, a general census of the population was taken 30 June 1953. (Documentary material in section D is taken from the text of the electoral law and the speech by Vice-Prime Minister Teng Hsiao-p'ing as published in Supplements No 128 and 129 in the Hsin-hua News Agency, 19 and 20 March 1953; and from the report by Chou En-lai to the National Committee of the China People's Political Consultative Conference, published in the Tass supplement of 7 February 1953.)

The possibility of politically mobilizing almost 350 million electors and of technically organizing their vote, even in the most remote villages of the hinterland and the mountains, is the result not only of reorganizing the nation's civic life but also of the intense political activity which has taken place lately for the first time among the popular masses in their political and mass organizations.

The Chinese Communist Party consists of 6 million members; the unions, 10 million; the New Democracy Youth Corps, 6.3 million; the Federation of Democratic Women, 7.6 million; the Federation of Students, 2.2 million; the Cooperative Movement, 106 million; and the Sino-Soviet, Friendship Association, 26.5 million. Moreover, the Partisans of Peace have obtained 350 million signatures for the Five-Power Peace Pact; 15.6 million citizens have participated in the local provisory administrations; and 280,000 rural communes, 436 counties, 85 cities, and 19 regions have already elected their popular governments in recent years.

Eligibility to vote and to be elected extends to all those citizens over 18 years of age, regardless of race, sex, religion, profession, education, residence, property, or social origin.

Those not eligible to vote are farmers who have not observed the land reform, condemned counterrevolutionaries, those deprived of political rights, and mental defectives.

All the election expenses are covered by the state. In addition to the Communist Party and other democratic political groups, the varied organizations of the people and electors and their representatives not belonging to organizations may present candidates separately or jointly to other political groups. Electoral committees on a wide basis are entrusted with the preparation and orderly management of the elections. Since there is still a high degree of illiteracy left by the old regime, the written vote would prevent a large part of the population, especially the workers, from voting. Therefore, in specific instances, the hand vote is permitted in the electoral assemblies.

- 4 -

RESTRICTED

RESTRICTED

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Hand voting is strictly limited to rural communities; small cities, districts, and municipalities which are not divided into districts. The vote is not direct in all cases also because of the lack of facilities. The hand vote is direct for lower offices but indirect for the higher offices, that is, for the municipalities divided into districts, the counties, the provinces, and the republic. Candidates for higher offices will not be elected directly by the voters but by the successful candidates for the lower offices. Those elected at the lower level therefore not only elect the people's representatives at the higher levels of government, but at the same time they will also be the permanent legislators at the local level.

Thus the new electoral law assures a democratic formation of the congress and a democratic life which differs greatly at the base and in the intermediary offices of the nation. Thus the secular tradition of the mandarins and of their centralized bureaucratic power is broken forever and the widest autonomy is joined to the organizational unity of the nation. The permanent control by the masses over the activity of the deputies which they have elected is then assured not only by the political activity of the people's organizations but also by the right of the voters at the various levels to revoke the power of those they have elected.

Two dangers which might have arisen from the elections to hinder the socialist development of the People's Democracy of China were the suppression of the national minorities and the superior influence of the majority. Since the viewpoint of the prosperous farmers as a group prevails among the more backward masses, the majority of the people might tend to underestimate the necessity for industrial development which is vital to the general economic progress of the country and of its independence. However, the electoral law has avoided these dangers by guaranteeing representation to all national minorities in the elective organizations, even when their groups are so scattered and small that they do not warrant a sufficient electoral quotient, and by guaranteeing to the urban industrial centers and electoral quotient lower than that of the rural centers.

These first general elections in China will permit the Communist Party and the democratic front to demonstrate, throughout the country, their experiences and political guidance.

E. Five-Year Plan

The first Five-Year Plan for the People's Republic of China also began in 1953. Although a part of the Chinese economy had not yet changed in structure from capitalism to socialism or collectivism, the fact that the state controls China's fundamental economic means already makes it possible for the government to set forth an organizational program of economic development. Details of the Five-Year Plan are not yet known since they must first be discussed and approved. However, the plan for grain production, which must increase 30 percent, is exempt from this approval. (Documentary material in Section E is taken from the following reports: the previously cited report by Chou En-lai of 7 February 1953; the report by Chia T'ao-fu, vice-chairman of the Committee of Finance and Economics, to the Seventh All-China Congress of Trade Unions, published by the Hsinhua News Agency in Supplement No 138, 12 May 1953, the report on the 1953 Budget by Po I-po, Minister of Finance, published by the same agency in Supplement No 121, 19 and 24 February 1953; and an article by Chu Chi-ping in China Reconstructs, No 2, 1953.)

The objective of the Five-Year Plan is to make China excel in the field of industrialization and at the same time considerably to increase the well-being and the culture of the people and to reinforce the defense of the nation against imperialist aggression. The first important step is to convert China from a mainly agricultural into an agricultural-industrial country, from one that is still only 10-percent industrial to a 30-percent industrial country.

- 5 -

RESTRICTED

RESTRICTED

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The statistics for the first year of the plan, published at the time of the presentation of the government budget for 1953, already forcefully reveal the great progress that will be made. Government investments in the economy alone (in industry, agriculture, transportation, etc.) will increase 41 percent, equaling 103.5 billion yuan; expenditures for public education and social welfare will increase 56 percent to 34.8 billion yuan. The 1953 production increases in agricultural products as compared to 1952 are as follows: grain, 9 percent; cotton, and tea, 11 percent; and tobacco, 47 percent. On the whole, industry in general must increase 23 percent and state-owned industries must increase 32 percent.

Large industrial installations are being constructed. In the field of metallurgy, three huge plants are being built at An-shan for the production of pipes, rolled products, and castings. In the coal industry, the opening of a new surface mine at Fou-hsin is expected to yield enough coal in 2 years to produce 4.3 billion kilowatt-hours. In heavy machinery, a large machine-tool plant for powerful machine tools is being constructed at T'ai-yuan. Eight other factories will be constructed and 13 refitted in the metallurgical and chemical sector; 9 new factories will be built and 15 enlarged in the mechanic sector of machine tools, electrical equipment, motor vehicles, and naval construction; 14 new coal mines will be opened in the Northeast alone, and 48,000 meters of land will be test-drilled for oil.

As a result of these measures, of the increase in technical instruction (the number of students in the schools for workers and farmers is expected to increase 62 percent), and of the improvement in living and sanitary conditions, work productivity should increase 16 percent and costs should decrease 7 percent.

These are the great construction tasks which the Chinese people must undertake in 1953. The successes attained in the past assure the world that these tasks will be accomplished, especially because of the consciousness of their own limits which the leaders of the great Chinese Communist Party have always shown. Comrade Chou En-lai said in the previously cited report: "We must act in such a way that all the workers may understand that we are facing new problems and tasks and that we are able to surmount the difficulties. resolve our problems, perfect our work, and make fewer errors by strongly fighting arrogance and complacency, by making every effort to learn in all humility, and by correcting our errors and our deficiencies. We must reinforce our state discipline, fight the spirit of bureaucracy and domination, punish transgressors, and rigorously guard against sabotage and malevolent destruction."

"It is our firm opinion that under the just guidance of President Mao Tse-tung and the Chinese Communist Party and with the aid of technical progress and the USSR experts, the intelligent and diligent workers, the farmers, and intellectuals of China will certainly be able to develop their great initiative and creativity and accomplish each task and concrete plan that presents itself."

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STAT

- 6 -

RESTRICTED